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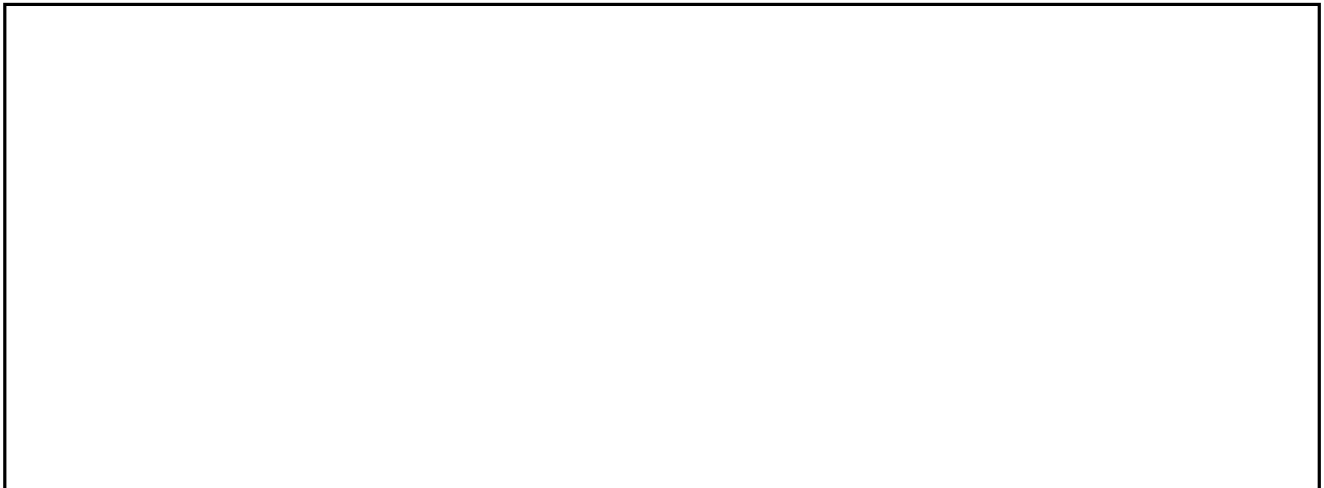
CONCLUSIONS AND RECOMMENDATIONS ON WHICH ACTION  
HAS BEEN COMPLETED OR WHICH ARE IN PROCESS OF  
BEING ACTED UPON

CONCLUSION AND RECOMMENDATION NO. 1

The Office of the Comptroller has been commended for the continuing progress made in carrying out its responsibilities so efficiently.

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CONCLUSION AND RECOMMENDATION NO. 4



In addition to revising regulations pertaining to advances, the Office of the Comptroller has been actively engaged in reducing delinquencies. After due notice, payroll deductions are being effected in those cases where the official and/or employee fails to take any action to liquidate advances. Effectiveness of this action, as well as other formal follow-up actions on advances to personnel is evidenced by the fact that advances to employees and agents at 30 June 1954, as reported by the Inspector General totaled [redacted] accounts; whereas, at 17 June 1955, these advances had been reduced to [redacted] representing [redacted] accounts.

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Effectiveness of actions taken to control advances to projects is best illustrated by the fact that during the period 31 January 1955 to 30 April 1955, advances to projects 90 days or more past due were decreased from [redacted]. At 31 January, the delinquency represented 64.3 per cent of outstanding advances, whereas at 30 April, delinquent advances represented only 30.6 per cent of total outstanding balances.

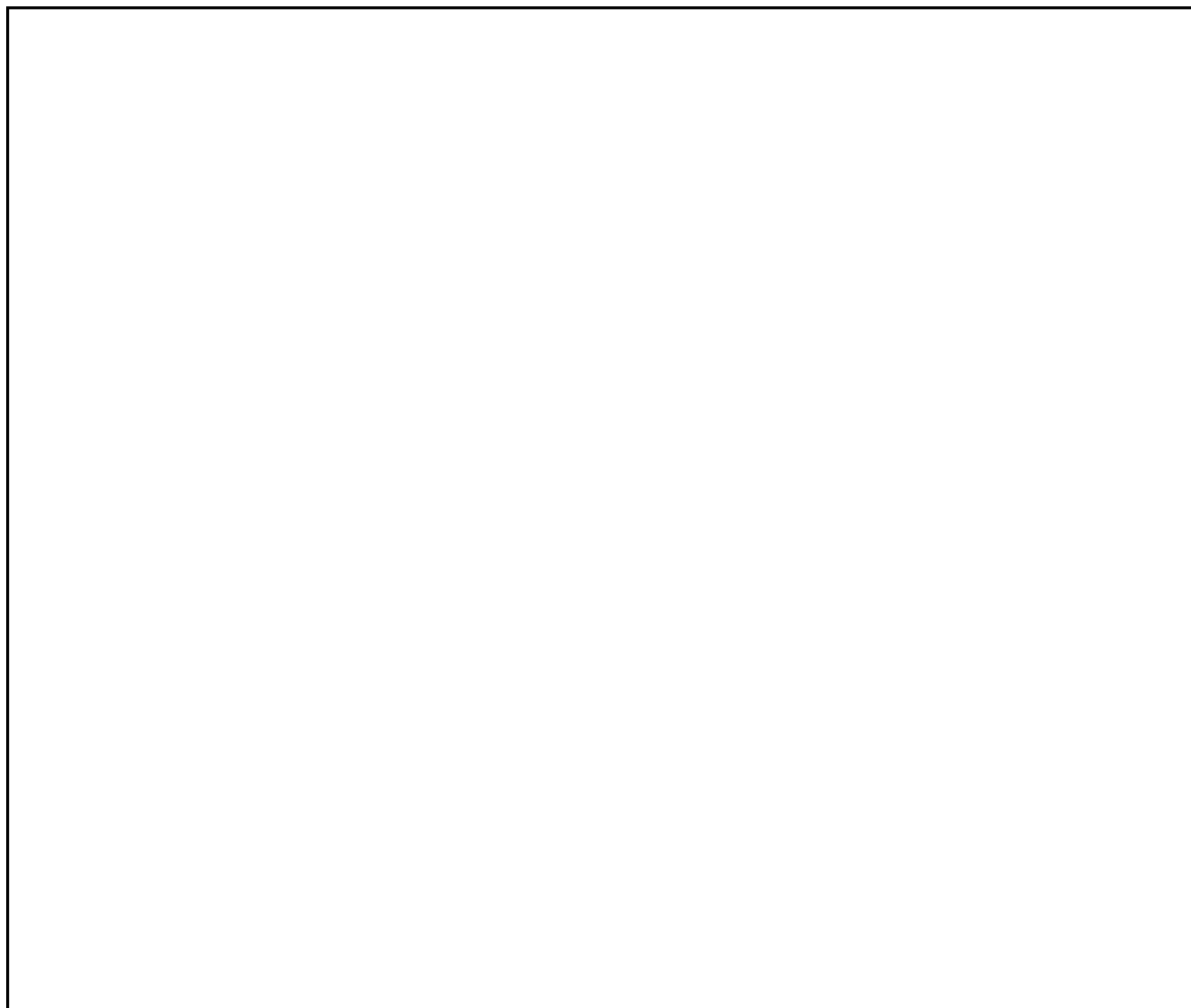
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For the March DCI Staff Meeting the Comptroller presented to the Deputy Director (Support) an item relating to delinquent advances for inclusion on the DCI agenda. The Deputy Director Central Intelligence concluded that the subject of delinquent advances was not a proper subject to be placed on the agenda for the Director's Staff Meeting. The

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CONCLUSION AND RECOMMENDATION NO. 9

The subject of integration of planning and programming with the budget is a long-term problem on which work has been progressing for over two years and one which will require continuous work in the future.

The PPC-DD/P has been reworking the program planning papers. The Office of the Comptroller has been actively discussing these papers as they are developed with the view of obtaining the maximum of coordination between planning and budgeting. The objectives of this coordination effort has been to assure the use of uniform categories and classifications in planning, programming, and budgeting with the objective that information furnished to the Director through planning papers will be in the same terms as will later be reflected in the budget presented to the Bureau of the Budget and the Congress. In addition, a series of meetings have been held with FI representatives and an agreement has been reached during the

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past six months providing for the classification of FI operations in both planning and budgeting documents in order to furnish more informative planning and budgeting information for review and consideration of FI operations. It is contemplated that this will be reflected in the 1957 budget for the first time. These problems of coordinating long-term planning budget operations are very difficult and complex. It is doubtful whether all problems will be resolved this year and progressive and constructive measures will continue to be taken in order to assure the highest degree of integration between planning, programming, and budgeting. This Office and the Office of the Comptroller do not believe that the proper method of approaching this problem is through a Budget Advisory Committee. (See Tab C - Recommendation and Conclusion No. 8.)

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**CONCLUSION AND RECOMMENDATION NO. 10****CONCLUSION AND RECOMMENDATION NO. 11**

The preparation and release of a Budget Manual is now in process. One section of a Budget Manual has been released to the Regulations Control Staff and two additional sections are now in the process of preparation and it is estimated the manual will be completed by 15 November 1955.

**CONCLUSION AND RECOMMENDATION NO. 12**

The operating budget procedure has been completely reworked and the revised procedure is being used in connection with the operating budget

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for the fiscal year 1956. The Comptroller's Office developed instructions covering the definition of an obligation and the recording thereof as set forth in Section 1311 of Public Law 663, approved 26 August 1954 and these instructions have been issued 10 June 1955 in [redacted] 25X1  
"Requirements for Recording Obligations Under the Provisions of Section 1311 of Public Law 663, 83rd Congress" and will be included in [redacted] 25X1A  
[redacted] to be issued approximately 22 July 1955. In addition, the Comptroller's Office issued internally [redacted] under date of 12 May 1955 covering the provisions of Section 1311. It is not believed administratively advisable or feasible to establish regulations prescribing conditions and procedures under which control of funds will be effected by object class.

It is the view of the Comptroller's Office that present regulatory issuances adequately provide that funds will be obligated and expended in conformity with operating budgets, as amended during the course of the year. Agency Regulation [redacted] paragraph 3 sets forth general and specific responsibilities of allottees to prevent over-obligation of allotments under their jurisdiction. Also, supplemental procedures and handbooks issued for use by individual allottees (e [redacted] 25X1  
[redacted] repeat the statements of such responsibilities and cite specific statutory authorities relative thereto. In addition, Regulation [redacted] "Agency Activities Approval System" requires approvals of programs, projects, and other activities at appropriate levels of authority and the issuance of allotment authorizations prior to entering into any commitments or obligations of funds.

#### CONCLUSION AND RECOMMENDATION NO. 16

a. and b. A comprehensive analysis of the financial practices of all field stations is being prepared every four months. This analysis is being used to prepare dispatches to the Station Chief of each station where there has been loose or improper fiscal management. The recommendation calls for the Director sending personal messages. It is the opinion of the Deputy Director (Support) and the Comptroller that the Director, in matters of this nature, should only be called upon when those under him cannot obtain proper action.

c. Such procedures have been developed and distributed to field stations. Improvement and refinement of such procedures is a continuing process.

d. The Comptroller's Office has prepared a "Financial Management Handbook for Case Officers," which is now being reviewed by an ad hoc committee (consisting of two members each from the Office of the Comptroller, Office of Training, and DD/P) to insure that it is prepared along lines which are responsive to operational and training requirements.

e. This recommendation was carried out last year. Specific attention has been given to the incorporation of fiscal subjects in operations courses and there have been assigned three individuals to the Office of Training who are working on a full-time basis on the development of such material and the conduct of the Office of Training courses involving financial and other administrative subjects.

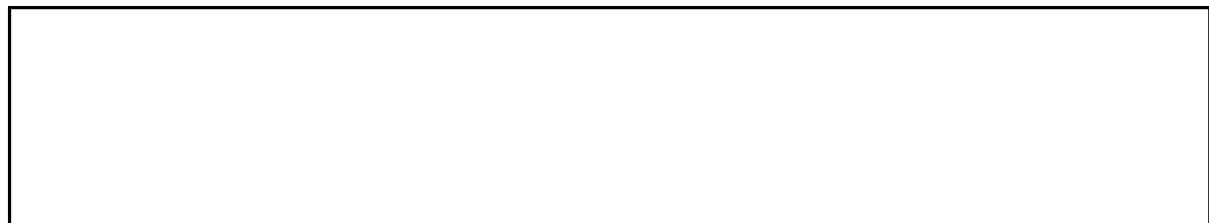
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CONCLUSION AND RECOMMENDATION NO. 17



Compliance with this proposed regulation will obviate any necessity for making 45-day allotments. It has been the consistent policy and practice of the Comptroller's Office that administrative plans, when required, will be completed prior to the making of an allotment unless a waiver without time limitation is received from appropriate authority.

CONCLUSION AND RECOMMENDATION NO. 18

A system to insure prompt transmittal of field allotment advices has been instituted beginning with fiscal year 1955. First quarter allotments are issued at the earliest possible moment that funds become available but these allotments, of course, do not reach the field prior to the beginning of the first quarter. All stations are advised, however, by cable as to the approved level of operations for the first month or quarter, as the case may be.

CONCLUSION AND RECOMMENDATION NO. 20

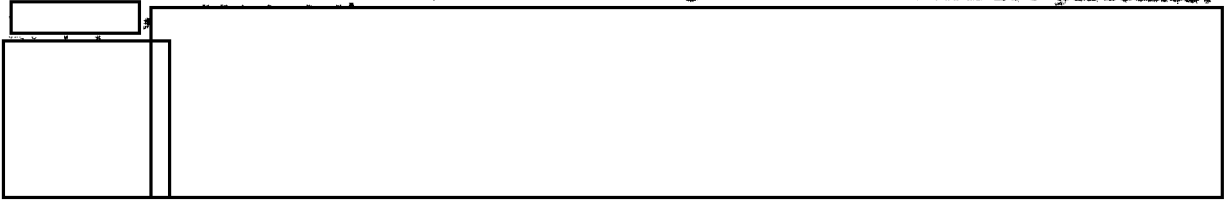
The fiscal year 1956 program and the fiscal year 1957 budget calls to all field stations requiring submission of detailed estimates for annual and operating budgets were issued [redacted] (1954) which allowed sufficient time for the field to accomplish the task and return the data in January for compilation by Divisions and Staffs in time for submission to the Project Review Committee. The Letter of Instruction issued to each Senior Representative and each Chief of Station contained the directive that he shall conduct budget reviews and in certain cases such reviews will be carried on by headquarters representatives visiting the field.

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CONCLUSION AND RECOMMENDATION NO. 21

The Finance Division has consistently endeavored to have its representatives personally discuss pay and allowances with agents and contract employees assigned overseas. A special desk has been established in the Agent Service Section of the Finance Division for the express purpose of briefing and discussing pay and allowance problems with contract personnel.

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CONCLUSION AND RECOMMENDATION NO. 22

The recommendation to amend [redacted], to provide the routing of check sheets concerning proposed agents through Finance Division has been considered by this Office and the Deputy Director (Plans) and it has been concluded that rather than route check sheets through Finance Division, it will be more effective to have a Finance Division representative review each contract at the time of preparation and prior to completion. Accordingly, appropriate arrangements have been made with SCAPS to include a Finance Division representative in each instance.

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CONCLUSION AND RECOMMENDATION NO. 23

The question of delay in forwarding travel data sheets to overseas stations has recently been carefully studied by the Comptroller's Office and corrective measures taken which will insure submission of the travel data sheets to the area divisions concerned for pouching to field stations within a maximum of fifteen days after the employee departs.

CONCLUSION AND RECOMMENDATION NO. 24

The Finance Division of the Comptroller's Office has established a division operating procedure which formalized its "on the job" training program for division administrative personnel. This procedure establishes specific responsibility for the various phases of "on the job" training to be given by the Finance Division and requires the completion of a Trainee Check list at the completion of training to assure that training appropriate to the assignment has been given and to provide an evaluation of the aptitude and interest of the trainee.

Following completion of "on the job" training by an employee, a memorandum is directed to the Area Division concerned indicating the scope of the training given and the evaluation of the employee's apparent ability to discharge finance responsibility of the type contemplated. To date, in no instance has an Area Division indicated dissatisfaction with the "on the job" training given its employees by Finance Division. On the contrary, the Chief of Administration and Personnel Officer of the Division which has furnished over half the trainees, have indicated that they are pleased with the program.

It is agreed that DD/P should budget the training and processing time of administrative personnel to insure proper training by the Finance Division and every effort will be made to assure that this is accomplished.

CONCLUSION AND RECOMMENDATION NO. 26

The Chief, Regulations Control Staff has prepared a completed index of [redacted]  
March 1

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is obtained from DD/P. This index which will include, but will not be limited to, finance regulatory issuances, will identify all [REDACTED]

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This index is to be released on a semi-annual basis with monthly changes whenever the volume justifies and will be issued for the first time 22 July 1955. This procedure complies with the Inspector General's recommendation with the exception that it is on a semi-annual instead of a quarterly basis.

CONCLUSION AND RECOMMENDATION NO. 27

The Comptroller's Office is proceeding on such selections in accordance with Agency Regulations. In the meanwhile, the Comptroller is developing general long-range plans which will be consistent with the Agency Career Service Program, and he does have realistic plans for the replacement and rotation of individual employees between headquarters and overseas stations and the development and utilization of the talents and skills of all of his employees through job rotation and training.

CONCLUSION AND RECOMMENDATION NO. 28

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CONCLUSION AND RECOMMENDATION NO. 30

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CONCLUSION AND RECOMMENDATION NO. 31

The items contained in the "Discussion" section of the Inspector General's report concerning fiscal management procedures and administration of the Office of the Comptroller on which action has been completed or is in process are included below by paragraph number as they appear in the report.

a. Paragraph IV. D. (2)

A regulation has been prepared by the Office of the Comptroller and is now in process of coordination which will require that financial

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statements submitted by projects to the Agency be supported by a certificate signed by the responsible operations officer and approved by the division approving officer attesting that the latter has (a) reviewed the financial reports submitted by the case officer; (b) approved all expenditures as having been made in the interest of the Agency; (c) reviewed the current reports of accomplishment; and (d) indicated that the continuance of the project is warranted. In developing this regulation the recommendation of the Inspector General that the certificate also include an attestation that the Comptroller has been notified of changes in the basic administrative plan has been disregarded inasmuch as the Office of the Comptroller has knowledge when they are made by participating in concurrences and by receiving copies of all such changes directly from the Project Administrative Planning Staff.

b. Paragraph IV. D. (3)

As stated under "Conclusion and Recommendation No. 4" appropriate amendments to the regulation pertaining to advances have been completed by the Office of the Comptroller and have been published by the Regulations Control Staff or will be published very soon.

c. Paragraph IV. E. (2) and (3)

The possibility of utilizing a regional finance officer approach to the problem of field certification at smaller stations has been under exploration and development for many months. Such a regional officer arrangement has been implemented at [ ] covering the major portion of the [ ]. This will provide a good test of the regional finance officer approach and if proven feasible it will be expanded to other areas as positions can be made available by operating units.

d. Paragraph IV. E. (9), (a) and (b)



e. Paragraph V. A. (1)

The Comptroller has approved the revision of the responsible and additional personnel requirements of the Budget Division including the establishment of branches and a formal internal organizational pattern for the Division. These proposed revisions are being reviewed by the Office of Personnel and will be implemented by the Comptroller within the very near future.

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f. Paragraph V. A. (4)

The Budget Division, Office of the Comptroller is in the process of completing evaluation reports for all of its employees and it is contemplated when the branch-type of organization is formalized the supervisor of each branch will thereafter prepare personnel evaluation reports.

g. Paragraph V. A. (6)

The Budget Division has discontinued position control records completely.

h. Paragraph V. B. (1)

A memorandum was forwarded from the Office of the Comptroller to the Office of Personnel on 30 November 1954 requesting an audit of all positions in the Fiscal Division. This audit has been completed and has resulted in fifteen positions being upgraded.

i. Paragraph V. B. (4)

The following steps have been taken by the Office of the Comptroller to improve the processing of billings received from the Defense Department:

- (1) Continued personal and telephone contacts with responsible personnel of other components within the Agency to expedite receipt of necessary information.
- (2) Discussions have been held with the Air Force which have resulted in a more definite tying together of the authority, delivery information, and identification of items billed.
- (3) Contacts with DD/P area management has resulted in the forwarding of vouchers to one designated individual within the DD/P area who will assume the responsibility to have those vouchers pertinent to the area's activities certified as to receipt of materiel and/or services rendered.
- (4) Discussions with individuals of the Office of Logistics have also resulted in an agreement for designating one individual to obtain and furnish required certifications of the receipts of materiel and/or services performed pertaining to those vouchers affecting domestic procurement.
- (5) A memorandum form (Request for Missing Supporting Data) has been developed to facilitate the forwarding of vouchers to responsible components of the Agency and through a copy of the request to establish a close and accurate follow-up system for needed supporting data. This replaces a looseness that resulted from an overextended use of the telephone and no firm control over requests sent out.

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- (6) Arrangements have been made between the Chief, Logistics Office, and the Chief, Fiscal Division, Office of the Comptroller which have resulted in speeding up the securing of missing data pertaining to vouchers with the minimum of delay.
- (7) Arrangements have been made between Fiscal Division, Finance Division, and the Logistics Office whereby all receiving reports will be sent directly to the Fiscal Division rather than through Finance Division for the initial step in processing them thereby eliminating considerable delay in the payment of vouchers.

J. Paragraph V. C. (4)

A memorandum was sent from the Office of the Comptroller to the Office of Personnel on 30 November 1954 requesting an audit of all positions in the Payroll and Travel Branch, Finance Division. The Personnel office has delayed making the requested audit until the Management Staff completes a survey now in process. It is estimated that the Office of Personnel will commence their survey approximately 8 August 1955.

K. Paragraph V. C. (4) (f)

Review of the processes of Travel Section, Payroll and Travel Branch, Finance Division, indicates no specific problem which may be directly attributed to [redacted]. Even in the absence of this notice, in any case where an employee travels Tourist Class and incurs additional cost such as excess baggage charges, the auditor would be required to determine that allowances under First Class travel were not exceeded and rely entirely, as provided by the notice, on authorizing officials to determine whether Tourist or First Class travel is in the best interests of the Agency. On the basis of this application, this Office does not intend to request modification of [redacted]

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L. Paragraph V. C. (6), (c) and (d)

Class A reports presently require quarterly schedules of caches. These reports are considered adequate under present regulations. However, present regulations as indicated in connection with "Conclusion and Recommendation No. 29" are under consideration for revision and the reporting requirements may be revised accordingly.

M. Paragraph V. C. (6) (f)

As indicated under "Conclusion and Recommendation No. 29 (c)" the Chief, Monetary Branch, Finance Division has just returned from a field assignment and has rendered a report which indicates that arrangements

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TAB B

# CONCLUSIONS AND RECOMMENDATIONS ON WHICH JOINT IMPLEMENTATION IS REQUIRED

## CONCLUSION AND RECOMMENDATION NO. 2

A comprehensive set of regulations [redacted] has been released [redacted] specifically delegating and defining fiscal responsibilities and establishing procedures and criteria for the allotment, accounting, and custody of official funds. Work is constantly being done to improve and refine these procedures in the light of past experience. The Inspector General suggested that a directive be released by the Director of Central Intelligence emphasizing the need for additional improvements in the enforcement of fiscal responsibilities at field stations. Such a directive was prepared by the Office of the Comptroller for release by the Director of Central Intelligence prior to the survey (See Tab D) but in discussion with the Deputy Director (Intelligence) he indicated that he believed present regulations are adequate and each individual problem should be dealt with on a case basis.

It is noted that the Inspector General recommends that the Comptroller be more aggressive in recommending policies for improving fiscal management and initiating action to expose inadequate fiscal management. It is believed that the Comptroller has attempted to aggressively utilize the resources and manpower of the Comptroller's Office to improve financial management in the Agency to the maximum extent possible. It has been necessary of course to give proper recognition to the problems and prerogatives of the operating offices which we serve and the opinions of other senior Agency officials respecting operating factors, which sometimes limit or qualify the types of financial controls which may be exercised. For example, the maintenance of aggressive financial management at overseas field installations is primarily dependent upon our ability to assign persons trained in financial management to these field stations. We have made repeated, continuous, and vigorous requests for the assignment of Finance Officers to major overseas installations; and the fact that the number of overseas Finance personnel has increased from [redacted] in January 1951 and [redacted] in January 1952 to [redacted] in December 1954 is evidence that we have achieved a large measure of success. However, there are certain overseas areas where we still do not have Finance Officers although we have repeatedly pointed out that financial management and controls are inadequate at these posts and have requested the assignment of trained Finance Officers. The DD/P operating divisions agree in principle that Finance Officers should be assigned to these areas and state that they are endeavoring to overcome the lack of appropriate cover positions and the security problems. This is only one example of the type of situation which prevents effective financial management, where aggressiveness on the part of the Agency as a whole, rather than just the Comptroller's Office is necessary for the solution of financial management and related problems.

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A careful review of past accomplishments and present financial management objectives will reveal that the Comptroller has taken positive and aggressive action in the application of financial controls in conformance with Agency policy and objectives. While the Comptroller must be aggressive in designing, proposing, and endorsing financial measures which will counterbalance the spending proclivities of operating officials, he must cultivate a breadth of outlook and a knowledge of the over-all operations and objectives of the Agency which will permit him to recognize the security, cover, and operating factors which sometimes limit, qualify, or dictate the type of financial controls which best serve the Agency's interest. It is our considered opinion, based upon past history and experience, that an overly aggressive or dictatorial attitude on the part of the Comptroller, whereby he attempts to "command" the adoption of financial policies without due regard to operating problems and prerogatives, would do more harm than good. We believe that more progressive and enduring results will be obtained by mutually working together with the operating offices in a manner which will solve problems involving both operating and budget and finance problems, since these problems are inextricably entwined; and no lasting solution of one is possible without a solution of the other.

#### CONCLUSION AND RECOMMENDATION NO. 3

Representatives of the staffs of DD/P and DD/S will be designated to review the problems and requirements of projects which need blanket waivers of fiscal accounting requirements. It is believed that measures can be established which will provide at least some minimal financial controls of such projects without jeopardizing the security and cover of such activities. This Office has requested the Deputy Director (Plans) to make such a joint study with this Office. (See Tab E)

#### CONCLUSION AND RECOMMENDATION NO. 6

The Deputy Director (Support) and the Office of the Comptroller have felt for some time that the full potential of program analysis was not being utilized, and this point was emphasized at the time the Program Analysis Staff was established in the Comptroller's Office. We believe that a comprehensive system of program analysis requires the integration and combination of quantitative data which can be compiled by the Comptroller's Office with the qualitative data which should be compiled by the operating offices.

The establishment of a program for the analysis of activities - financial and substantive - on an Agency-wide basis has the unqualified support of this Office. We are more than willing to assist in any program for the integration of the financial and statistical analyses with the operational analyses of Agency substantive operations so that an effective Program Analysis may be instituted on an over-all Agency basis. The Program Analysis Staff, Office of the Comptroller has been attempting to make constructive analyses of projects and other activities but has found that security and operational objections are raised to examining projects and activities in current operation and that, therefore, analysis has been confined principally to liquidated projects and such analyses are obviously of limited value.

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This Office has prepared a memorandum (attached) for your signature to the Special Assistant to the Director for Planning and Coordination establishing a committee consisting of representatives of the DD/S, DD/I, and DD/P and requesting the Special Assistant to the Director for Planning and Coordination to organize the committee, act as chairman, and submit recommendations to the Director for maximum profitable utilization of Program Analysis throughout the Agency.

CONCLUSION AND RECOMMENDATION NO. 14

The necessity for and advantages of handling of FI projects on a fiscal year basis is recognized by the FI Staff and that Staff has in conjunction with the Comptroller's Office issued procedures which require that projects will be broken down and approved by fiscal year. Such fiscal year approvals to be furnished the Comptroller's Office as a guide and limitation in the allotment of funds on a fiscal year basis. However, no progress has been made with respect to the problem of further grouping of small FI projects so that single allotments can be made to each field station to cover all of these small operations.

CONCLUSION AND RECOMMENDATION NO. 19

The Comptroller's Office keeps the DD/P operating components apprised on a current basis of the need for professional finance personnel at overseas stations. Vacancies are filled on a priority basis, except in those instances where cover or security conditions are such that assignments must be delayed pending the availability of

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CONCLUSION AND RECOMMENDATION NO. 25

[redacted] dated 4 June 1953, which gives the Comptroller action responsibility on all non-operational type finance communications, has proved to be only partially effective. Generally, cables are properly identified for action by the Office of the Comptroller; however, dispatches are often delayed in receipt or transmission. This is a general problem which will be pursued by the Deputy Director (Plans) and the Deputy Director (Support).

CONCLUSION AND RECOMMENDATION NO. 29

a. A revised regulation pertaining to [redacted] has been drafted and is presently being reviewed and further developed by the FI Staff, DD/P.

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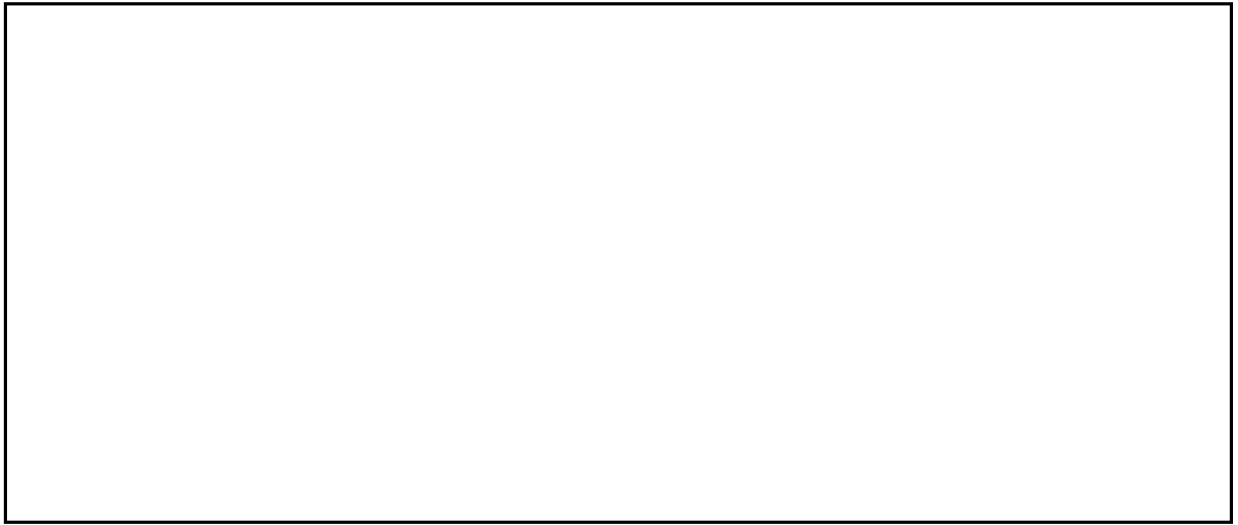
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**CONCLUSIONS AND RECOMMENDATIONS ON WHICH THE  
DEPUTY DIRECTOR (SUPPORT) AND THE  
COMPTROLLER DO NOT CONCUR**

**CONCLUSION AND RECOMMENDATION NO. 8**

The proposal to establish a Director's Budget Advisory Committee involves a question concerning the character of review of all phases of budget from the first brief examination of preliminary estimates to the final review and approval of specific operations with an attached authorization for a specific amount of money. Thus, it will be necessary to evaluate the approach made in the Agency to the budget review process. Basically, the policy has been to review the budget more critically in each succeeding step in the budget process. This process begins with the cursory review of preliminary estimates prior to the DCI policy meeting with the Director of the Bureau of the Budget (See comments on Recommendation No. 15) and culminates in the extensive review, including a considerable amount of staff work preparatory to consideration and recommendation by the Project Review Committee and final approval by the Director on the proposed projects and programs. It is believed that this progressively critical review is appropriate and effective for the type of operations being administered by CIA. It should be noted that one of the criticisms of budgeting in Government has been the emphasis on the formulation stage and the lack of emphasis on the execution phase of the budget. CIA has put emphasis on the execution phase. It is believed that maximum attention should be given to this last phase by the top administrative and program officers in the Agency.

The membership of the recommended Director's Budget Advisory Committee is substantially the same as that of the Project Review Committee. In view of the administrative and operating responsibilities to the individuals involved, the assignment of additional responsibilities to these individuals could only result in the lessening attention given to other areas of their responsibilities. The most important budget review process is the final decision as to whether an operation should or should not be initiated or be continued at the same or a higher or lower level. This decision is made on a project by project, program by program basis by the Project Review Committee. If any additional time is available to the members of the Project Review Committee, it is believed that a more searching review of operations by the Project Review Committee would be most beneficial to the Agency. The Budget process involves the formulation of the budget, which constitutes a compilation of very tentative plans. Before funds are made available by allotment for execution of the budget, however, a detailed review is made of individual proposed operations prior to authorizations of their initiation or continuance. It is the belief that, from a control point of view, it is much more important to have careful, complete, and thorough top-side review of operations at that time than to place emphasis on review of the tentative budget plans.

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It may be of interest to note that the Department of State has discontinued the use of the Budget Committee approach. This Office was informed that the Committee, when in operation, only reviewed the budget from a policy point of view. The Department of State's present budget process is about the same as that of CIA with some slight deviations.

The Department of Defense does use the Committee approach, e. g., the Air Force Budget Advisory Committee is chaired by the Director of the Budget who is organizationally responsible to the Comptroller of the Air Force. The Committee consists of the following officials:

- Assistant for Programming, DCS/O
- Director of Operations, DCS/O
- Assistant for Material Program Control, DCS/M
- Director of Personnel Planning, DCS/P
- Assistant for Development Programming, DCS/D
- Director of Budget, DCS/C
- Assistant Chief of Staff for Reserve Forces
- The Asst. Secretary of the Air Force (Management) without vote
- The Under Secretary and the Assistant Secretary (Material) of the Air Force or their representative -- to be invited as observers when matters under their cognizance are to be considered by the Budget Advisory Committee.

If a Budget Review Committee is established, it should be specifically understood that the members thereof will devote the time required from their other duties and responsibilities to review the estimates and justifications in more or less detail down to the Division level, which will require hearings every day for approximately a two-week period. Otherwise, the Committee will become a bottleneck which will result in delayed budget preparation and presentation to the Bureau of the Budget.

A review of past budget history within this Agency will reveal that at one time the budget was reviewed by a committee appointed by the National Security Council and at another time by the Project Review Committee. In fact, at one time the Agency regulations required the submission of unvouchered estimates to the Project Review Committee.

Based on the experience cited above this Office and the Office of the Comptroller do not agree that a Budget Review Committee would add to the budgeting process in the formulation and preparation stage of the budget. We do believe, however, that the Project Review Committee does serve a useful and essential purpose in reviewing proposed specific operations prior to their institution. This constitutes a policy review and, in addition, a substantial budget review during the execution stage of the budget.

#### CONCLUSION AND RECOMMENDATION NO. 13

It is not believed that the allotment advice issued by the Comptroller to Logistics should specify limitations by dollars or by type of equipment for each DD/P project, station, or division. If this were necessary,

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separate allotment advices should be issued for each of these projects or units. The allotment made to Logistics is to provide for the procurement of new equipment; requisitions submitted by the offices may be for entirely different equipment, including equipment in stock which is actually in surplus to the stock level needs of the Agency. Responsibility for not accepting requisition in excess of amounts available to Logistics should not be placed on the Office of Logistics, but the office concerned should be made responsible for not requisitioning materials unless funds have been or can be made available to the Office of Logistics to replace items requisitioned or for use in the balancing of inventories on hand.

It is planned to make a comprehensive survey pertaining to the establishment of logistics requirements; the maintenance of stock levels; and an integrated reporting system on budgetary, fiscal, and logistics activities. It is envisioned that this study may result in an entirely new system.

#### CONCLUSION AND RECOMMENDATION NO. 15

In the first discussions concerning a specific budget year between the Director of Central Intelligence and the Director of the Bureau of the Budget, the problem under consideration is one of general magnitude and level of operations. It does not involve the granting of funds for the carrying-out of specific operations. It is essential that the Director be informed on the preliminary estimates which have been received from the offices prior to such a meeting to give him a general idea as to the level which his organization believes essential. The policies developed as a result of the discussions between the Director of Central Intelligence and the Director of the Bureau of the Budget are of considerable value in connection with the hearings with the offices.

Insofar as we are aware, no other Government agency holds hearings prior to receipt of ceilings from the Bureau of the Budget.

For these reasons, we do not concur in Recommendation No. 15.

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